

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-06 EUR-12 ISO-00 EB-07 AID-05 TRSE-00 SSO-00

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O R 240730Z OCT 75

FM AMEMBASSY KIGALI

TO SECSTATE WASHDC IMMEDIATE 3718

INFO USEC BRUSSELS 1127

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: RWANDA TEA PROJECT

REF: A) KIGALI 615 B) STATE 233674

1. EXTENSION - MINFIN HAS INFORMED EMB THAT CABLE SENT OCT 23 INFORMING TEA IMPORTERS, INC. OF EXTENSION CONTRACT DEADLINE TO NOVEMBER 30 WITH OPTION TO DECEMBER 31. TEXT OF CABLE IS AS FOLLOWS (INFORMAL TRANSLATION QUOTE NO. 122/FIN.04.12.05/23/10/75 I HAVE HONOR INFORM YOU THAT ARTICLE 30 OF AGREEMENT CREATING S.I.R.T. SIGNED 24 FEBRUARY 1975 WILL NOT COME INTO FORCE AS PLANNED ON 24 OCTOBER BECAUSE FORMALITIES FOR OBTAINING IFC LOAN WILL NOT BE COMPLETED BY THAT DATE. AGREEMENT EXTENDED UNTIL 30 NOVEMBER 1975. SIGNED NTIBURIRINBABAZI MIN FIN END QUOTE. TEXT BEING POUCHED OCT 24.

2. BACKGROUND - GOR DECISION REACHED ONLY AFTER NUMEROUS APPROACHES BY AMB AND HIGH-LEVEL GOR MEETINGS. SITUATION COMPLICATED (IN ADDITION POINTS NOTED REFTEL A) BY FACT MINFIN NEW AND UNFAMILIAR WITH CONTRACT AND SOME GOR BELIEF RWANDAN MEMBERSHIP IN IFC EFFECTIVE OVER A MONTH AGO E.G. AFTER GOR MADE "DECISION". THUS, A GOR REACTION THAT DELAYS LAY WITH IFC AND/OR WERTHEIM.

3. FED - AMB ALSO MET WITH FED DIRECTOR KIGALI FOR FRANK
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DISCUSSION REPORTED FED PRESSURE ON GOR TO LET WERTHEIM PROJECT

LAPSE. FED DIR REVIEWED HISTORY CDC/FED AND WERTHEIM COMPETITION INDICATING SOME GRUDGES PERSIST, BUT THAT FED FAVORS PRIVATE INVESTMENT AND WANTS TEA FACTORY ESTABLISHED AT CYOHOHA-RUKERI AS QUICKLY AS POSSIBLE. HE SPECIFICALLY DENIED ANY OFFICIAL FED POSITION AGAINST FINANCING FUTURE TEA PROJECTS RWANDA IF PROJECT APPROVED AND NOTED THAT SUCH A POSITION WOULD NOT BE VIABLE WITH GOR.

4. IFC MEMBERSHIP - GOR BELIEVES ALL NECESSARY DDCUMENTATION ON MEMBERSHIP HAS BEEN SENT TO GOR EMBASSY WASHINGTON FOR DELIVERY IFC.

5. COMMENT - EMB DOES NOT PRESUME ASSIGN BLAME FOR RECURRENT DELAYS IN PROJECT (ALTHOUGH GOR CERTAINLY HAS ITS SHARE). HOWEVER, EMB STRONGLY URGES IFC DO WHATEVER CAN BE DONE TO FACILITATE RWANDAN MEMBERSHIP AND CONSIDER PROJECT IN TIMELY FASION HOPEFULLY ON OR ABOUT NOV 4. IFC AND WERTHEIM SHOULD THEN NEGOTIATE LOAN AGREEMENT IN SIMILAR RAPID MANNER. EMB THEN SUGGESTS SOME DEMONSTRATION OF ACTIVITY TAKE PLACE. VISIBLE MEMENTUM ON PROJECT COULD EASE GOR CONCERN/SKEPTICISM AND FACILITATE RESOLVING ANY FUTURE PROBLEMS.

6. CONTENTS THIS CABLE SHOULD BE PASSED TO IFC, OPIC AND WERTHEIM (TEA IMPORTERS INC.). FRITTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, TEA, IMPORTERS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KIGALI00625
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750370-0632
From: KIGALI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751020/aaaaasaa.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 KIGALI 615, 75 STATE 233674
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by BoyleJA>; APPROVED <15 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RWANDA TEA PROJECT
TAGS: EINV, RW, IFC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006